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Municipal Responses to the Shifting Environment of Shopping Mall Retail

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I. Executive Summary

Economic development is a vital local government responsibility because it guides the provision of jobs for residents, markets for the purchase of goods, and revenue for the government itself. Shopping malls have been key drivers of local economic activity for decades, but their viability going forward has become uncertain since the turn of the century. This paper considers both reasons for this uncertainty and strategies that have been or can be implemented to improve mall sustainability and profitability. While literature addressing this topic focuses almost exclusively on the role played by mall management, this paper places special emphasis on the role of local governments. In order to take a more detailed approach, the City of Florence, Kentucky (the City) and its local mall will be considered. The Florence Mall, along with most in the nation, faces a need to adopt new strategies if it is to continue to meet the changing demands of its customers. The City has a direct stake in the mall's performance because of the revenue it generates via taxes.

In the following pages, the literature review describes the changing context of shopping malls in regards to the Internet and other culture shifts followed by an examination of strategies that have been identified for the 21st century. The research design then outlines specific objectives and the methodology. A concentrated focus is taken with the analysis and findings section. Here, strategies will be examined as to their feasibility and practicality for the Florence Mall. Finally, ramifications for local governments as a whole will be discussed in the policy implications section and final comments in the conclusion.

Key findings are as follows:

- Shopping malls face a crossroads as they adapt to changes in the retail sector.

- Local governments like the City of Florence have a stake in shopping mall performance and, consequently, a responsibility to be proactive in enhancing that performance.
- Short term, the City should cultivate a positive relationship with Florence Mall management and ensure that the property's zoning is flexible and allows for innovation.
- Long term, the City should cooperate with managers to identify and attract appropriate businesses and incorporate other uses such as residential or entertainment that will keep the mall relevant and its offerings diverse.
- The City of Florence should maintain an emergency fund balance adequate for preserving service levels in the event of lost revenue resulting from a downturn in the mall.

II. Introduction to the Problem

Shopping Malls 1956-2005

The first enclosed shopping mall opened in 1956. It was a model for the type of structure that, in the ensuing fifty years, became a staple of the suburban American landscape. Approximately 1,500 shopping malls were built across the United States during this period, amounting to twenty-six square feet of retail space for every person (Sanburn 2017). These indoor complexes, typically consisting of large anchor stores interspersed with a higher quantity of smaller shops, have been considered the American community centers for the latter half of the 1900s. Beyond their social significance, however, is a more concrete role as economic catalysts. Shopping malls grant shoppers access to a plethora of stores without accruing additional travel costs and, in turn, furnish businesses with large consumer populations. These agglomeration effects, augmented by management's ability to advocate for the entire complex, allow stores to perform better together than they would individually. Finally, malls are beneficial to local governments not only because the concentration is an efficient use of land, but because malls contribute huge amounts of revenue in sales, property, and payroll taxes as well as occupational license fees.

The Retail Sector in 2018

The shopping mall's traditional operating model was conceived at a time when urban flight created a demand for suburban shopping outlets and the Internet was decades away from conception. Malls in the 21st century, however, which currently number about 1,100 (Camhi 2017), face changing consumer preferences best exemplified by big box stores like Walmart, target, and Menards; the Internet; and changes in the destination of consumer spending. Some sources like the National Retail Federation (NRF) and International Council of Shopping Centers (ICSC) contest the notion that malls face severe threats, contending instead that malls continue to thrive and deftly adapt to the changing market. However, a simple Google search reveals article after article discussing the close of a particular mall (Peltz & D'Angelo 2017), the impact of the Internet on shopping patterns (Fitch Ratings 2017), or calls for malls to react to market changes (Mitchell 2017). Threats to shopping malls cannot be lightly dismissed, but demand attention and the advancement of strategies to respond.

First, there is a real threat outside of malls in the attraction to "big boxes and discounters as well as other types of purchase outlets" which usually locate external to malls and offer lower prices (Tsai 2010). Stores like these include Target, Walmart, and Menards. Their allure comes from the broad range of products they offer, their accessibility, and competitive prices. Second, the advent of online shopping threatens traditional commerce with a completely different model where shoppers have increasingly broad access to products and can make purchases from the comfort of their homes. E-commerce has made an undeniable impact—Internet retailers experienced a 13 percent year-over-year increase in late 2016 concurrent with a 7 percent decrease in department store sales (Camhi 2017). Meanwhile, it is estimated that about 50 percent of households in the United States subscribe to Amazon Prime (Thompson 2017). This attraction to the Internet has had a negative impact on brick and mortar retail and, in particular, on structures like shopping malls that depend on large shopper volumes. Consequently, estimates are that a quarter of all malls in the United States will close by 2022 (Sanburn 2017).

The decline of retail is seen not just in malls, but in department stores as well. Sears Holdings stated in 2017 that it would close 300 stores and Macy's followed with an early 2018 announcement that it had plans to close 100 stores (Trombly 2018). Since shopping malls depend on stores like Macy's and Sears to anchor their complexes they face repercussions from these announcements. Compounding the danger of this hazard are is the common stipulation in tenant contracts mandating a consistent number of anchor stores (Mitchell 2017). Therefore, even a successful mall can be toppled if the loss of an anchor triggers further store closures. This uncertain atmosphere has left stakeholders scrambling to identify responses that will secure malls for the 21st century.

A Path Forward

The process of identifying methods for adapting to the future of commerce is ongoing. Literature on this topic is teeming with prognoses advocating strategies of every flavor: providing an "experience" to shoppers, engaging specific demographics, tapping into the benefits of a physical location, and projecting a luxury image are just some avenues argued to lead to sustainability. The important note, however, is that shopping malls as a whole are by no means doomed to obsolescence. It is quite reasonable that physical stores will never be fully eliminated, and while Internet sale growth outpaces that of brick and mortar establishments, it still accounts for a minority of all sales. At 8.3 percent in 2014 and forecasted for 11 percent in 2018 (Evans-Cowley 2016), this share of the market is nonetheless increasing rapidly and incentivizes quick action on the part of physical stores. Some critics have argued that negative consequences of shopping malls like compulsive buying and materialism outweigh their benefits and that malls should consequently be permitted to fail or positioned "as habitats for need satisfaction…instead of temples for unlimited consumption" (Telci 2012). However, this paper defends the importance of shopping malls for cities, workers, businesses, and consumers.

The Florence Mall

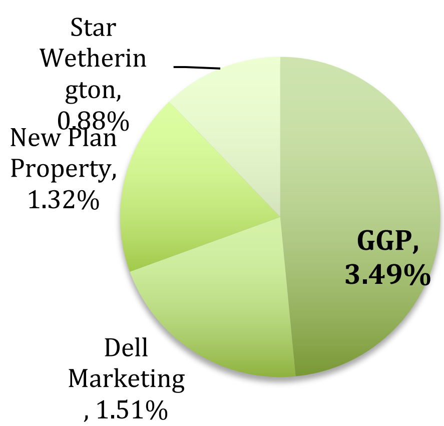
Located in Boone County, the Florence Mall[1] opened in 1976 and was renovated in 2010-11. It boasts 101 retailers spread over 940,967 square feet of retail space and serves a trade area—the region from which most of its customers are drawn—of almost 500,000 people (GGP). A handful of newer, open-air complexes are significant shopping destinations for the region as well, but the Florence Mall is unmatched as the only enclosed mall and continues to be a staple of the regional retail market. Besides serving northern Kentucky, it is located in the Cincinnati Metropolitan Area, along with five other malls. Of note is a recent Cincinnati Enquirer article suggesting that the Florence Mall, along with the popular Kenwood Towne Centre, is well positioned for the future while the remaining four malls are in various stages of decline (Andrews 2017). Stability is indicated in that Boone, Kenton, and Campbell, the three northernmost counties in Kentucky, had a 2016 combined population of about 380,505 and median household incomes of $69,165; $56,568; and $56,772 (American FactFinder). Proximity

[1] A aerial image of the mall and relevant components is available in Appendix I

to southeastern Indiana, where there are no malls, and southern Ohio, where sales taxes are higher, also contribute to the mall's stability.

The mall is managed by General Growth Properties (GGP), which owns some of the top national malls as well as the Kenwood Towne Centre. GGP is the highest payer of property taxes in Florence (see Fig. 1) and bears primary responsibility for protecting that revenue. The City, however, has an interest in the revenues it receives from the Mall and an incentive to work with mall management.

Figure 1: Top Sources of Property Taxes & Percentage of Total



Source: adapted from Chapman 2016, p. 79

III. Literature Review

The Shopping Mall Context

The mall construction spree between 1956 and 2005 resulted in five and ten times the square footage of retail found in the United Kingdom and Germany, respectively. This saturation, coupled with competition from online retailers, has made the quantity of malls unsustainable. Concisely, the industry can be "characterized by an overabundance of retail square footage for a declining number of shoppers" (LeHew & Fairhurst 2000). In the wake of ever-increasing announcements of mall closures since the turn of the century, experts suggest that a further 25 percent of the existing malls in the U.S. could close by 2022 (Camhi 2017). However, an oversaturation of malls is not the only problem to contend with as the aforementioned impact of different sources of competition is also being felt.

E-commerce has a certain appeal that brick and mortar structures cannot match: products can be perused and purchased with an ease and efficiency that improves daily. Where shoppers once had concerns about comparing online products, retailers have innovated to address the issue (Michon 2015). Where shoppers once were hesitant to order clothing online because of anticipated problems with fit, retailers have streamlined the return process (Evans-Cowley 2016). Many familiar stores now have online platforms that meet the culture shift that places a premium on ease. But while these features are evidence of adaptation by stores, they do not directly benefit malls, which depend on physical visits.

Ferreira and Paiva introduce a more scholarly explanation for the recent experience of shopping malls. They contendi that successful malls are resilient ones meaning, they can "cope with internal conflict or external shocks while remaining able to maintain [their] function" (Ferreira & Paiva 2017). The components of resilience identified by the authors are the impact of innovations, the economic context, the relation between retail and urban cycles, and the role of mall management. Viewed in this light, malls have been unable to appropriately react to the innovation of e-commerce. Consequently, "the retailers' ability to recognize innovations and adjust to new market conditions must be highlighted." The aforementioned economic context relates to both understanding an economy and shifts in consumer behavior. The concept of a life cycle is also introduced. The authors posit a sequence of innovation and growth followed by maturity and decline that malls experience. This explanation hints that the focus of "marketing, commercial mix, renovation, and maintenance should have different intensities throughout time." Finally, mall management is perhaps the most important factor in a mall's resilience. Managers must recognize and apply appropriate innovations and respond to changes in the economic environment while being aware of the retail life cycle.

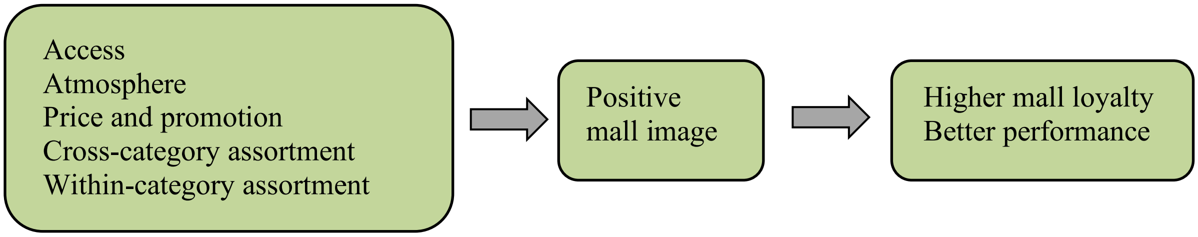
Traditional Strategies and Innovations

Tactics proposed for shopping malls are categorized as either "traditional" or "alternative." The former grouping consists mostly of activities that may ordinarily be expected from commercial enterprises while the latter are less commonly employed by businesses and typically involve a non-commercial element. In the realm of traditional strategies are mall renovations, store layout and mix considerations, marketing tactics, and so on. Such strategies fall chiefly to mall management to carry out while others like tax incentives and other recruitment practices are in the wheelhouse of local governments.

Improving mall image is a key consideration that Chebat, Sirgy, and Grzeskowiak address with a sequence of connected traits. Arguing that loyalty and performance are impacted by a mall's perceived image, the authors point to key inputs like access, atmosphere, price and promotion, cross-category assortment, and within-category[2] assortment.

Figure 2: Components and Consequences of Mall Image

[2] Cross-category assortment consists of the variety of different types of stores in a mall while within-category assortment refers to the variety of products offered by particular types of stores



Source: adapted from Chebat et al. 2010, p. 736

By surveying shoppers and analyzing the results for aggregate impact of those inputs on mall loyalty and performance, they determined that "a mall rated highly on the mall image measure is more likely to have loyal customers" (Chebat, Sirgy, & Grzeskowiak 2010), but produced less clear connections between the factors of mall image and mall performance. However, surveying mall customers may be one strategy to identify areas for improving mall image and, as a result, to produce more loyal customers.

LeHew and Fairhurst conducted another analysis of shopping malls. They considered a broad array of characteristics and, dividing shopping malls into three groups—A, B and C—based on sales per square foot, they hoped to isolate particular traits that were exhibited by the best performing "A" malls. Instead, the authors' work more clearly isolated factors of "C" malls, and consequently ones that should be avoided. For example, they utilized "a traditional tenant placement strategy, one that spreads complementary merchants throughout the mall in order to increase the amount of customer exposure per shopping trip" (LeHew & Fairhurst 2000). Since shoppers today tend to prize convenience, though, they are more likely to prefer complimentary stores in close proximity to each other. Repositionings, consisting of a change in retail format due to a change in target customers or demographics, were also undertaken irregularly by "C" malls. Other characteristics included long gaps between expansions and renovations, unsatisfactory service offerings, poor locations, and trade areas with less than 100,000 people.

Two findings related to “A” malls were especially important: almost half had trade areas of 100,000-249,000 people while much of the other half had trade areas exceeding 250,000 people and “[they] employed two or more marketing personnel.”

Further traditional strategies are tackled by a variety of researchers. Gomes studied attributes theorized to improve mall image and thus mall performance. Categorizing mall dimensions into the tangible groups of location/access, parking, ambience, retail offer, leisure offer, and facilities and the intangible ones of atmosphere and self-congruity, Gomes identified attributes of each dimension. In doing so he concluded that analysis of mall image must include a social component as well as an economic one. LeHew, Burgess, and Wesley addressed customer loyalty programs. Suggesting that patrons may develop particular loyalty to a mall and therefore be ripe for programs designed to incentivize further patronage, they found instead that “forty-eight percent of customers reported being loyal to a particular mall, whereas 26 percent of the same sample of respondents exhibited loyal behavior” (LeHew, Burgess, & Wesley 2002). Additionally, Mitchell as well as LeHew and Fairhurst, respectively, discovered that large malls with high-end offerings tended to be more successful. These discoveries are less strategies than preconditions for improving mall performance.

A final tactic of interest that falls under mall management’s authority has to do with recognizing and capturing underserved populations. The Plaza Fiesta, in Atlanta, Georgia, was transformed from an ordinary mall into one featuring “everything you might find in a Mexican village” plus live entertainment in order to serve Atlanta’s large Hispanic community (Strassman 2014). Malls in Houston, Texas and Cleveland, Ohio have undergone similar transformations. The Sharpstown Mall in Houston and Euclid Square Mall in Cleveland have gone from obsolete structures to thriving destinations for ethnic minorities. The former now targets Hispanic families, similar to Plaza Fiesta, while the latter acts as “an interior ‘Church Street’ serving African American congregations” (Marinic 2016). These examples demonstrate both that stakeholders ought to be aware of the breadth of available options when considering innovations and that experiences are enticing offerings from a mall.

Recruitment of industries and businesses by local governments has been a traditional strategy of local economic development for quite some time. While there is considerable debate over its effectiveness and wisdom recruitment certainly falls under the traditional categorization. Practices in this area include building up infrastructure and subsidizing workforce training to more generally make a location more attractive. Actions related to specific business, though, are incentives in the form of tax relief. Implementing such recruitment strategies is a complicated process whose course between each company that is targeted. By using strategies that remedy a mall’s deficiencies, however, a net increase in revenue and community gains is made much more likely.

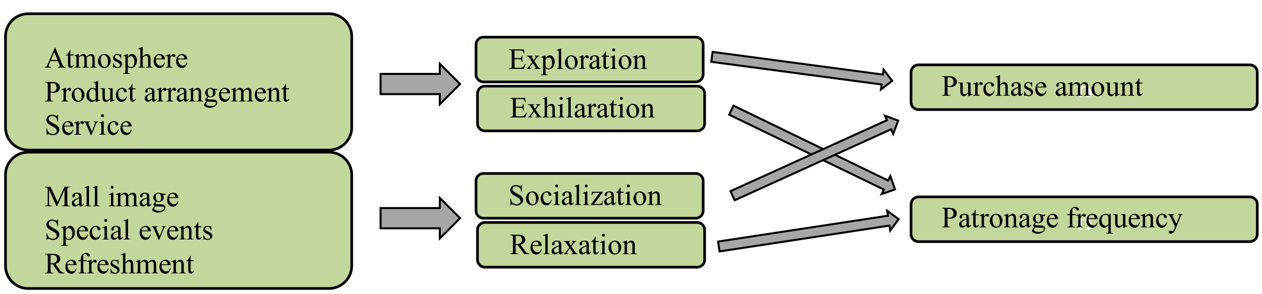
Alternative Strategies and Innovations

The unique threats facing malls demand unique responses and local governments are well positioned to serve a role in this area. As important actors in the arena of economic development, city governments have a role in enhancing the performance of businesses, attracting new businesses, and ensuring a steady inflow of resources. Where recruitment was the only traditional strategy that could be undertaken by cities, the strategies identified here are available to cities independently or in conjunction with mall management.

Among the most consistently repeated shifts in shopping culture is that consumers are becoming more and more interested in finding entertaining “experiences” in addition to or instead of goods and services (Evans-Cowley 2016, Mitchell 2017, Peltz & D'Angelo 2017, Sanicola 2017). Especially when most types of items can be acquired online, travelers to stores look to be entertained as well as to purchase goods. This is supported by data showing that as a share of total spending, aggregate spending on clothing has declined while Americans spent more money in 2016 at restaurants and bars than at grocery stores (Thompson 2017). Another argument for non-retail offerings comes from Teller and Schnedlitz, who posit that benefits accrue to malls whose tenants can provide an "augmentation of consumer's shopping trips in terms of the non-retail offer of an agglomeration, which enables recreation, entertainment, and social interaction with other people" (2012). Responsibility for accommodating entertainment depends on the form that is desired. One form is seen in stores that have introduced more interactive features. For example, Samsung has introduced an experience store in New York City that includes a playroom, café, kitchen, VR tunnel, and living room. It is meant to be an interactive store and "digital playground" ("Samsung 837" 2016). Another effort may be to attract a particularly unique store to a mall in hopes that it would draw enough shoppers that would boost other stores' performances. Such was the case for malls featuring an Apple Store, which led to a 10 percent sales increase for stores in the same mall (Andrews 2017). Other types of experiences include movie theaters, bowling alleys, and performance venues. Restaurants are another form of experience and offering a greater variety of food and price point can only serve to satisfy a broader range of tastes among shoppers.

An important caveat here is that there are indicators that entertainment may not be the saving grace that scholars have suggested. In the first place, restaurants and movie theaters have been regular parts of malls for some time and have not stemmed the tide of mall woes. Furthermore, a study by Tsai examined the real impact of entertainment on shopping malls by considering that there are two types of mall visitors: goal-oriented buyers and leisure-oriented shoppers. By arguing to strongly in favor of entertainment and experiences, there is a danger of ignoring an entire category of customers. Consequently, entertainment must be approached in tandem with other strategies to appeal to both buyers and shoppers. Tsai goes on to identify six attributes (atmosphere, product arrangement, service, mall image, special events, and refreshment) that impact four dimensions of entertainment (exhilaration, exploration, relaxation, and socialization) in order to determine their impact on patronage frequency and purchase amount. Rather than treat entertainment as a silver bullet, Tsai cautioned that stakeholders should be able to shift their focus to whatever attribute(s) will drive the desired result.

Figure 3: Attributes, Dimensions, and Results of Entertainment



Source: adapted from Tsai 2010, p. 326

Alternate uses for mall space are one of the riskier options discussed in this paper, as it would require significant investment and uncertainty. Light industrial, movie and TV production, sports, educational, residential, high-tech manufacturing, business incubators, and government activities could all be accommodated in some way by malls (Andrews 2017). Medical offices or call centers have also been proposed, (Camhi 2017), as have last-mile distribution centers (Evans-Cowley 2016) and technology-related enterprises (Sanburn 2017). These options may involve repurposing an anchor space, if not the entire mall, and require large up-front costs, but could balance them with a long-term, viable use for the space. In any case, such mixed-use strategies are becoming more prevalent as elements of redevelopment efforts. The incorporation of residential units into mall space is of particular interest as it is complements a mall's ordinary function. Tysons Corner Center near Washington D.C. and the Summit at Fritz Farms in Lexington, Kentucky are examples of such mixed-use developments combining shopping with residential. Both feature apartment complexes that grant residents access to deals and offers at the mall in which they are placed.

Figure 4: Strategies

STRATEGY	**ELEMENTS**
Enhance mall image	Components include access, atmosphere, price and promotion, cross-category assortment, within-category assortment
Modernize facilities	Tenant placement, renovations, repositionings, marketing
Implement loyalty programs	Uncertain effectiveness
Target underserved populations	Minority communities or activities needing a lot of space
Ensure flexible focus	Willingness to shift b/w exhilaration, relaxation, exploration, and socialization as needed
Recruitment practices	Tax incentives, forgivable loans, worker training, etc.
Expand entertainment offerings	Interactive stores, bowling alley, performance venues, movie theaters, events, etc.
Introduce more restaurants	Rising share of consumer spending
Attract unique stores	Can attract customers and boost other stores' performance
Incorporate mixed-use	More reliable and diverse revenue source for city
Incorporate residential	Provides immediate influx of customers; diversifies revenue source
Consider alternative uses of space	Delivery and distribution, light industrial, business incubators, educational, medical, etc.

IV. Research Design

My research analyzes a range of options available for implementation by the City of Florence. These options draw from both traditional and alternative methods discussed above. Of primary importance are the following questions:

- *What steps could the City of Florence take to enhance the productivity of the fiscally important Florence Mall?*
- *What strategies could mitigate the financial impact that would occur in the event of closure?*

These questions are premised on the belief that competition is increasing and merits a comprehensive response. As e-commerce sales continue to improve, shopping centers like the Florence Mall need "to be more efficient and more productive just to remain open for business" (LeHew & Fairhurst 2000). By no means is there any certainty that the Florence Mall will decline or be forced to close. Indeed, there are arguments that the mall will be active for the long run. However, the City would be wise to adopt a proactive approach because acting prior to any crisis can ensure that it is prepared to respond responsibly.

From a financial standpoint, the safest situation would be for the mall to be capable of withstanding online competition and solidify its foothold on the regional retail market into the future. This would involve the least uncertainty for the City as well as avoid the crisis that would follow a mall downturn. At the same time, it would be unwise for the City to assume that the Mall can persist indefinitely using its current model. The City's 2017-2018 Fiscal Year Budget acknowledges this fact, saying:

> "Concerns remain nationwide about the future of brick and mortar retail stores and large urban Malls. Our discussions with some of the national retailers, as well as GGP…have reassured us that they are aware of the concerns and recognize that as

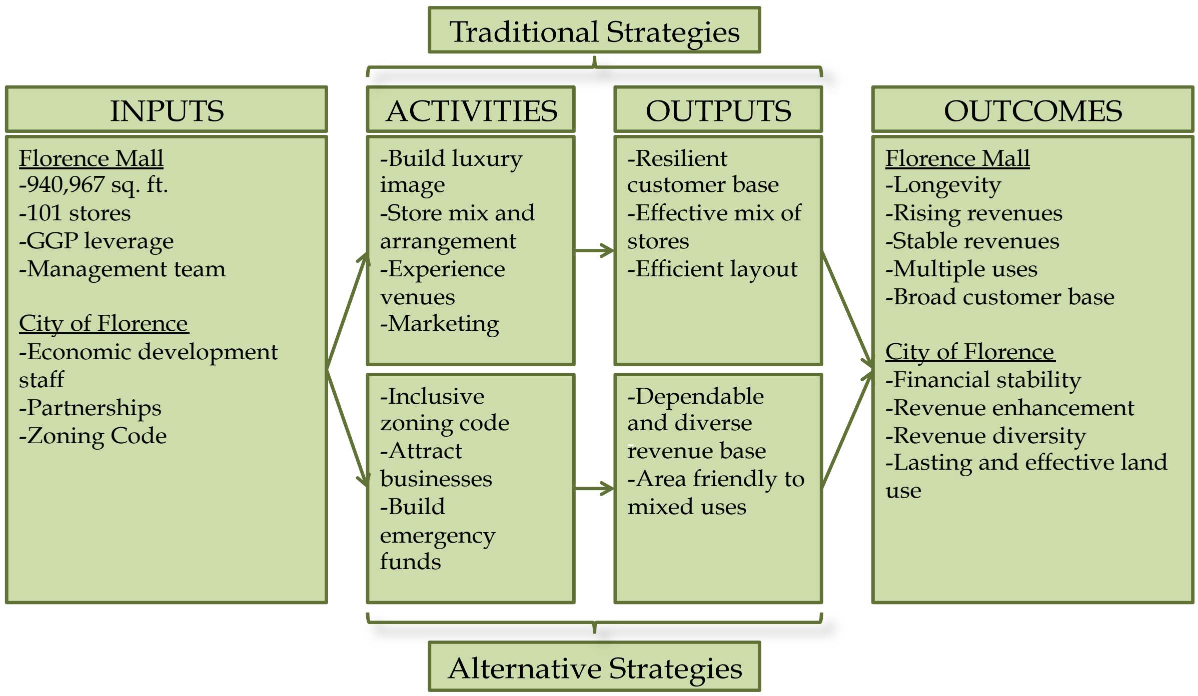
> needs in the retail arena shift, so must their focus. They view the changes as an opportunity to recreate and reinvent the retail experience for the next generation. We look forward to working with them to provide the best possible options for our community." (2017).

Agreement exists, therefore, that a response of some kind is needed, implying the necessity of cooperation between the City and mall management.

This paper relies on a variety of sources. Online newspaper and magazine articles provide the bulk of information regarding malls' current situation while scholarly journals were consulted to understand the breadth and depth of strategies available to malls. Finally, interviews were conducted with Greg Comte, the Senior General Manager of the Florence Mall, and Josh Hunt, Director of Business and Community Development at the City of Florence, to get a better understanding of the goals and planning being done at the local level.

My research takes two perspectives that were already seen in the literature review: identifying traditional strategies to address the changing retail environment and, next, alternative strategies that are additional to the usual scope of management practices. Specific metrics to track the success of implemented strategies are also developed and presented in Appendix II. Some metrics include changes in sales tax collection, occupational taxes, vacancy rates, traffic rates, restaurant and movie patronage, and other such measures. Although the primary subject of this research is the Florence Mall, some strategies and metrics may be viable for a great many other malls depending on the unique environment and customer base at each.

Figure 5: Logic Model



V. Analysis and Findings

Applying Traditional Strategies

First is the question of mall image, with the argument being that by strengthening the components of mall image, there will be positive consequences for patronage and sales. Management would be best served by considering the data it already collects, such as monthly reports from stores, traffic counts, and other studies when implementing changes. While department stores are not required to provide such reports, it may be worthwhile to approach them about providing statistics in order to get information usable for applying this strategy. These reports plus the possibility of customer surveys may be useful for understanding perspectives on the components of mall image identified by Chebat et al.

This strategy of modernizing facilities includes everything from ensuring that the building itself is contemporary and visually appealing to reviewing the layout of tenants. These components have been addressed previously, especially that the model of malls that require "ambling" are out of date as shoppers are more inclined to want quick trips between closely located complimentary stores. Of particular note is the finding that, in their study dividing malls into three categories based on sales per square foot, LeHew and Fairhurst found that the worst performing malls had not been updated. With the most recent renovation of the Florence Mall occurring between 2010 and 2011 it is likely to time to consider a rebranding effort to ensure that the facility remains appealing. Given the success of open-air complexes, it may be of use to consider adding an outdoor component to the Florence Mall.

Loyalty programs and targeting underserved populations are two strategies that are not recommended. The former was studied at two malls, but conclusive evidence was not found that such programs work (LeHew, Burgess, & Wesley 2002). Complicating this strategy is the difficulty of implementation because it would require assent from most or all of the mall's tenants. The rollout process would provide challenges of its own. This strategy should therefore be better rejected in favor of ones with more evidence of success. According to the US Census, the population of Boone, Kenton, and Campbell Counties are minimally diverse. And while the strategy of targeting minority groups is an innovative one, it requires the presence of a previously unacknowledged and/or underserved group. This does not describe northern Kentucky, where the three counties named above are, respectively, 93.9, 92.8, and 95.3 percent white.

Perhaps among the most important traits a mall could have is the ability to flexibly move its focus between strategies. This requires regular information gathering and assessment to gauge the mall's needs at a particular time, but is also a comprehensive strategy to ensure broadly consistent attention to various aspects of the mall.

Finally is the traditional strategy open to the City of Florence rather than the mall: recruitment. While components of recruitment would be familiar to practitioners of economic development they nonetheless merit discussion here. Specific tactics include workforce training and attracting businesses with tax incentives, loan forgiveness, or infrastructure changes. A municipality is important for this kind of strategy because it alone has the authority to offer these special incentives. Greg Comte, shared that the City has been critical because officials are often aware of companies that could be attracted to the area before mall management. For example, a nearby movie theater closed in 2008 and the City was instrumental in subsequently attracting a Rave Theater to the Florence Mall to fill the gap. Other possibilities are the attraction of additional restaurants and unique tenants. Only two full service restaurants are currently adjacent to the mall and broader dining options could attract more visitors. Tenants that offer specialized services, such as an Apple Store, would also be able to draw people looking for a particular service who might then patronize other stores. Cities are key economic development actors in their ability to offer a variety of deals to prospective businesses such as tax incentives and forgivable loans and to work to develop an area's infrastructure to accommodate a particular business.

Applying Alternative Strategies

The primary recommendations for the City of Florence in this category are to expand entertainment and other experiences, explore mixed-use options including office and residential units, and to consider alternative uses for the mall. A precondition of much of this work, however, relates to zoning which has not yet been addressed. Zoning is a key function of local government and is important for guiding development according to the wishes of its residents and leaders. The system consists of a series of different zoning categories used to designate defined areas for particular uses. Typical categories are for residential, commercial, or industrial uses with subsidiary zoning categories within each broad group that guide the development of land for residential, commercial, and industrial uses. Thus, zoning has a crucial impact as all development must fit within prescribed design and use requirements. According to Greg Comte, this means that zoning can reduce or increase the cost of doing business. The General Manager views this as a tremendously important issue in light of the fact that the mall is considering a range of options for future use of the mall, including multi-family residences, offices, hotel, and grocery. The feasibility of each of these options is impacted by the inclusivity of the zoning and how flexible it allows management to be in innovating.

Expanding entertainment is a key opportunity for the City of Florence. While the mall already includes a movie theater and, internally, a carousel, Glow Golf, and All-in Adventures, additional options such as laser tag or bowling may further complement the experiences offered at the mall. Events are another component of entertainment. Josh Hunt indicated that such events are already being implemented, with a water circus and public movie screenings as examples of past events. Other options may be for small-scale musical performances, special markets, or community festivals. With a great deal of parking capacity and indoor space, the mall has incredible potential for accommodating large crowds. In concert with a broader selection of restaurants, and stores, such entertainment uses have the potential to draw individuals and families to the mall for long periods of time where they are more likely to spend money and ensure their familiarity with the mall's tenants. The research of Gomes discussed previously identifying a social benefit to malls suggests the viability of these strategies.

Incorporating other uses into the mall is another especially relevant strategy because of the financial implications. While experiential uses would likely be meant to fit into the existing structure of the mall, residential, office, or other uses would require substantial alterations to the structure itself as well as the way it conducts business. However costly such alterations may be, they could also be more profitable. For example, office space would generate more revenue than commercial businesses. Alternatively, with the last mile of delivery fulfillment being the costliest leg of good deliveries, a collection and distribution center would be an efficient use of space. Since the mall is located in the midst of a populous and growing region it could allow consumers to either pick up goods that have arrive or allow for coordination of goods being delivered. Furthermore, the 2010 Boone County Comprehensive Plan identifies mixed-use development as appropriate for Florence saying “future trends should include a continuation in the growth of wholesale/retail employment, considering the planned redevelopment of the regionally-oriented commercial district in the Mall Road Area into a mixed use urban community…” (57). Implementing such a community could allow both the fulfillment of this element of the Comprehensive Plan as well as help rejuvenate the mall. Two options for introducing residential units are to completely rehabilitate an anchor store to fit such multi-family housing or, depending on parking ratio requirements and how much space might be available, constructing a band of structures along the rim of the existing parking lot.

Another option is to allow totally different uses in the mall space. Opportunities here are in light industrial work, film, and other such uses. This strategy is distinguished from incorporating various uses by requiring a complete transition from mall uses to something else. It is also on the more extreme end of available options and would require a good deal of front-end work to find possible tenants or buyers. Furthermore, it likely would not be pursued until other options had been exhausted. However, of comfort is the fact that there is little limit on the possibilities of completely readapting malls. From storage centers to hotels to data storage centers there are a range of considerable alternatives should the availability of other avenues diminish. There is currently no dire need to resort to such a dramatic shift so strategies that involve only partial repurposing are better suited for the Florence Mall.

As proposed earlier in this paper, the City should be conscious of the fact that mall survival is not guaranteed. Since GGP provides a significant amount of income for the City, it would be prudent to develop a reserve fund and contingency plan for use in the event of a closure. This plan would lower the relative proportion of revenues received from the mall as well as develop and enhance other revenue streams. If the mall were to close or if falling sales caused a decline in the tax revenue it contributes, the City of Florence must be prepared to maintain services and a proper balance of expenses and revenues.

VI. Conclusion

Policy Implications

This paper contributes to the literature on mall innovations by taking an uncommon perspective; it can also be used to inform efforts to enhance shopping malls. The implications for local governments come in the form of options for enhancing malls. An immediate concern for cities looking to is assessing a mall's condition. Trend data on the income from malls is necessary here, as are discussions with mall management to learn about performance in different kinds of stores, its internal forecasts, and plans for moving into the future. Other preconditions to assisting a shopping mall are cultivating a working relationship with mall management and ensuring inclusive zoning regulations.

Based on the details ascertained from a fiscal analysis and more subjective consideration of the mall's performance, the city would need to next determine the relative urgency and importance of taking action to enhance its revenue or engage in behavior to balance the losses that would occur in the event of closure. If measures to adapt the mall are of interest to the municipality in question, it would apply a selection of strategies discussed herein or developed elsewhere and assign metrics to gauge their success.

Challenges and Future Research

A primary challenge is that there are conflicting conclusions in some areas of research that make the advisability of some solutions less than absolute. For example, a number of sources argue that consumers want experiences when they shop because solely material interests can now be largely satisfied through online channels. Conversely, there are indications that enhancing the entertainment value of a shopping mall is ineffective in improving its fortunes.

Another challenge is the scope of this research. Because a broad approach is taken to describe a swath of strategies that can aid malls, each strategy is only examined at a limited depth. This means that there are opportunities for future studies to analyze each strategy in detail. For example, answering what the best mall environment for residential units is, researching where entertainment fits into a mall setting and where it has been most successful, and more closely studying the relationship between zoning and development. The availability of these areas for research demonstrates a specific strength of qualitative research: introducing a field or topic and identifying areas within it for deeper, qualitative analysis.

Although there are strategies that cities can employ, their role is dependent on the quality of their relationship with mall management and limits on governmental authority in the commercial sector. In essence, the actions applicable for malls are similar to ones that are being suggested for businesses as a whole, not just ones in shopping malls. However, there is a stronger incentive for cities to step in to aid malls before smaller establishments because the repercussions for a mall's performance are greater than those from single businesses.

Lastly, internal and external validity of this research must also be considered. Threats to internal validity would largely occur from arguing incorrectly that certain strategies are available or practical for the Florence Mall when, in fact, they are unlikely to succeed. External validity is vulnerable to factors surrounding the measurement of success. For example, sales tax collections are difficult to study except on the aggregated, citywide level. Therefore, it may not be an accurate measure since rising sales tax revenue might be attributable to other added businesses to Florence. Lastly is the generalizability of the research. Whether strategies will fit any given mall depends on that malls situation including the broader retail environment, characteristics of the trade population, role and skill level of mall management, macroeconomic factors, etc. do so would be worthwhile.

Recommendation

For the City of Florence, then, there are a number of steps that I would recommend. Firstly, a positive working relationship with the management of the Florence Mall is fundamental. The impressions from interviewing representatives of each entity suggest that there is already recognition of the mutually beneficial relationship they have and ought to cultivate. Next, the City should study the zoning for the mall space. It is currently zoned for commercial and planned development uses as well as having a unique Mall Road Overlay District. Stipulations for these designations should be open for ventures that mall management may be considering. Ensuring inclusivity in the zoning allows mall management more flexibility in pursuing various options to discover what would fit Florence best. Last, more active steps are in order. These include the attraction of businesses, experiential ventures, restaurants, and other such uses. This should be undertaken in concert with mall management, again, since they are responsible for developing a vision for their space. The strategies open to cities are, in the end, ones best utilized in a supportive fashion. Recruitment would be a cooperative effort, whether of experience based businesses, unique ones, restaurants, or traditional enterprises. Implementing mixed-use facilities would also depend on a go-ahead from mall management, but depend on groundwork laid by the City of Florence.

Ultimately, it is impossible to say with certainty what the fate of the shopping mall industry or any particular mall will be. Nevertheless, to say that the potential efficacy of a city is somewhat limited is not to say that a city is powerless. A city's most important trait is proactivity. This, along with a cooperative approach and an arsenal of relevant strategies provides the best tools for building a strong and enduring mall. The future of the Florence Mall cannot be assured, but it is hopeful. Some preconditions are in place such as a cooperative relationship with managers and a sizeable trade area, as identified by LeHew and Fairhurst. Furthermore, stakeholders are well aware of the threats faced by the mall and have been clear about their intention to respond. The only uncertainty is the form that response will take.

VII. Appendices

Appendix I: Florence Mall Aerial View

Appendix II: Strategy Implementation Metrics

STRATEGY	METRICS	TARGET
Enhance mall image	Customer surveys; Likert scale	Positive average for access
		Positive average for atmosphere
		Positive avg. for price & promotion
		Positive avg. for cross-category assortment
		Positive avg. for within-category assortment
Modernize facilities	Customer surveys; Likert scale	Positive for external appearance
		Positive for internal appearance
		Positive for stores
	Years since renovation	5-8
Implement loyalty programs	Rate of patronage	Set by mall staff
	Sales volume	Set by mall staff
Target underserved populations	Frequency that minority populations are served	5-10% monthly
Ensure flexible focus	Strategy meetings	1 per quarter
Recruitment practices	Net revenues/business recruited	Vacancies filled within 6 months
Expand entertainment offerings	Theater patronage	Set by theater staff
	Other venue patronage	Set by mall staff
	Event attendance	Set by mall staff
	Revenue per sq. ft. of entertainment	Set by mall staff
Introduce more restaurants	Revenue per sq. ft. of dining	Set by dining staff
	Ratio of restaurants in fast, casual, & high-end categories	5:2:1
Attract unique stores	Aggregate tenant performance following store introduction	Set by mall staff
Incorporate mixed-use	Allowable by zoning	Yes
	Revenue per sq. ft. of office	Set by mall staff
Incorporate residential	Allowable by zoning	Yes
	Revenue per sq. ft. of residential	Set by mall staff
	Use of resident perks	Set by mall staff
Consider alternative uses of space	Strategy meetings	1 per quarter
Develop emergency fund	% of annual mall revenue in reserve	5% increase annually until 1:1 is reached

Miscellaneous Targets:	Tenant turnover rate	<2 stores annually
	Occupational license fee revenue	Set by city staff
	Property tax revenue	Set by city staff
	Sales tax revenue	Set by city staff
	Revenue per sq. ft. of retail	Set by city staff
	Parking lot occupancy	Set by mall staff
	Economic development budget	Set by mall staff

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